

# TELEGRAM INFORMATION REPORT TELEGRAM

## CENTRAL INTELLIGENCE AGENCY

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CLASSIFICATION — DISSEMINATION CONTROLS

NOFORN

COUNTRY WEST GERMANY

REPORT NO. TDCS-3/466,479

SUBJECT CDU-CSU VIEWS ON GERMAN-AMERICAN FINANCIAL RELATIONS

DATE DISTR. 25 FEBRUARY 1961

PRECEDENCE ROUTINE

DATE OF INFO. 23 FEBRUARY 1961

REFERENCES IN 10169

PLACE & DATE ACQ. GERMANY, BONN (24 FEBRUARY 1961)

TDCS-3/466,206

TDCS-3/466,476

APPRAISAL 2

FIELD REPORT NO. EGN 1190

THIS IS **UNEVALUATED** INFORMATION. SOURCE GRADINGS ARE DEFINITIVE. APPRAISAL OF CONTENT IS TENTATIVE.

SOURCE A WEST GERMAN JOURNALIST WITH GOOD CONTACTS IN GOVERNMENT AND PARTY CIRCLES (F), WHO WAS PRESENT.

1. DURING THE EVENING OF 23 FEBRUARY 61, A GROUP OF LEADING CDU/CSU BUNDESTAGE DELEGATES HAD DINNER WITH MEMBERS OF THE GERMAN PRESS CLUB IN BONN. AFTER DINNER, AN OFF-THE-RECORD DISCUSSION CONCERNING CURRENT POLITICAL PROBLEMS TOOK PLACE. THE ALMOST SOLE SUBJECT OF THESE DISCUSSIONS WAS THE GERMAN/

AMERICAN FINANCIAL NEGOTIATIONS.

2. HERRMANN HOECHERL, CHAIRMAN OF THE CSU DELEGATION IN THE BUNDESTAG AND VICE-CHAIRMAN OF THE CDU/CSU BUNDESTAGE DELEGATION, SPOKE AT LENGTH AND WITH CONSIDERABLE VEHEMENCE ON THIS SUBJECT. HIS STATEMENTS CAN BE SUMMARIZED AS FOLLOWS:

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A. FOREIGN MINISTER HEINRICH VON BRENTANO HAD NOT BEEN AUTHORIZED TO COMMIT BONN TO CONTINUING YEARLY FOREIGN AID CONTRIBUTIONS. IF HE HAD BEEN GIVEN SUCH AN AUTHORIZATION FROM THE CHANCELLOR, THE LATTER HAD CLEARLY ACTED IN AN UNCONSTITUTIONAL MANNER, BECAUSE NO ONE, NOT EVEN THE CHANCELLOR, HAS A RIGHT TO MAKE COMMITMENTS OF THIS NATURE, INVOLVING TREMENDOUS OUTLAYS FROM THE FEDERAL BUDGET, WITHOUT PRIOR CONSULTATION WITH THE BUNDESTAG.

B. IF IT DEVELOPS THAT THE CHANCELLOR DID AUTHORIZE BRENTANO TO MAKE LONG TERM COMMITMENTS, HE (HOECHERL), HAVING DISCUSSED THIS WITH OTHER LEADING MEMBERS OF THE CDU/CSU BUNDESTAG DELEGATION, WILL MAKE CLEAR TO THE CHANCELLOR THAT HE HAD OVERSTEPPED HIS AUTHORITY AND THAT HE (THE CHANCELLOR) WILL HAVE TO SEE HOW HE CAN GET OUT OF THE DIFFICULTY, BECAUSE THE CDU/CSU BUNDESTAG DELEGATION WILL NOT SUPPORT HIM (THE CHANCELLOR) BY PROVIDING THE NECESSARY BUDGET.

C. THE BUNDESTAG WILL BE GOING FAR IF IT APPROVES EVEN THE FUNDS NECESSARY TO MEET THE COMMITMENT TO WASHINGTON FOR 1961. THERE IS CONSIDERABLE RESISTANCE TO PROVIDING THESE FUNDS FROM THE REGULAR BUDGET, AND IT IS TOTALLY OUT OF THE QUESTION FOR THE BUNDESTAG TO RAISE TAXES IF THE CURRENT BUDGET IS INSUFFICIENT TO MEET THE COMMITMENTS. FURTHERMORE, IT IS JUST ABOUT CERTAIN THAT THE BUNDESTAG WILL REFUSE TO RAISE TAXES, EVEN AFTER THE ELECTION, IN

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ORDER TO PROVIDE FUNDS FOR SUCCEEDING YEARS.

D. ECONOMICS MINISTER LUDWIG ERHARD WAS ENTIRELY CORRECT WHEN HE INFORMED THE CDU/CSU CAUCUS ON 21 FEBRUARY 61 THAT IT WAS RIDICULOUS TO PROVIDE SUCH TREMENDOUS AMOUNTS WHEN THE PURPOSES FOR WHICH THE MONEY IS TO BE USED IS NOT EVEN KNOWN, MUCH LESS AGREED UPON. ALSO, BONN WILL PUT ITSELF INTO A SHAMEFUL POSITION IF IT ALLOTS FUNDS FOR PURPOSES NOT OF ITS OWN CHOOSING. IF FOREIGN AID FUNDS ARE PROVIDED, AND SOME FORM OF FOREIGN AID PROGRAM WILL OF COURSE BE LEGISLATED, THEN BONN SHOULD RECEIVE FULL CREDIT FOR WHAT IT IS DOING.

E. FINANCE MINISTER FRANZ ETZEL WAS ENTIRELY RIGHT WHEN HE INFORMED THE SAME CAUCUS THAT SUCH MAGNITUDE OF FUNDS CANNOT POSSIBLY BE EXPENDED IN A MEANINGFUL FASHION. FURTHERMORE, EVEN IF THE COMMITMENT FOR FOREIGN AID FUNDS FOR 1961 IS MET (AND THIS IS UNLIKELY SINCE THE BUNDESTAG WILL NOT PROVIDE FOR THE NECESSARY FUNDS IN THE BUDGET), THESE FUNDS CANNOT POSSIBLY BE EXPENDED DURING 1961 AND PROBABLY NOT EVEN IN 1962. CONSEQUENTLY, BRENTANO'S COMMITMENT FOR FOREIGN AID FUNDS IN SUCCEEDING YEARS IS MEANINGLESS. IN ANY CASE, THE BUNDESTAG WILL PROVIDE ADDITIONAL FUNDS ONLY IF WHEN FUNDS ALLOTTED IN PREVIOUS YEARS HAVE BEEN EXHAUSTED.

3. HOECHERL'S STATEMENTS WERE SECONDED BY WILL RASNER, WHIP OF THE CDU/CSU BUNDESTAG DELEGATION. INTERIOR MINISTER GERHARD

SCHROEDER DID NOT ENTER INTO THE DISCUSSION VERY MUCH BUT MADE NO

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<p>ATTEMPT TO COUNTER HOECHERL'S STATEMENTS.</p> <p>4. (SOURCE COMMENT: ONE OTHER SURPRISING FEATURE OF HOECHERL'S STATEMENTS WAS THEIR IMPLICITLY ANTI-AMERICAN NATURE. WHEN ASKED WHETHER BONN DID NOT HAVE A DUTY TO THE FREE WORLD TO CONTRIBUTE FOREIGN AID FUNDS, HOECHERL AGREED BUT STATED THAT "THE AMERICANS EARN TWO MARKS FOR EVERY DOLLAR SPENT BY US AND WE HAVE NO INTENTION OF ALLOWING THIS TO HAPPEN". WHEN ASKED WHETHER GOOD RELATIONS WITH THE UNITED STATES WERE NOT MORE IMPORTANT THAN MONEY, HOECHERL STATED THAT IF GOOD RELATIONS DEPEND ON BONN GIVING MONEY TO THE UNITED STATES HE WAS NOT CERTAIN JUST HOW TO ANSWER THAT QUESTION. (B) YET ONE OTHER SURPRISING FEATURE OF THIS DISCUSSION WITH THE CDU/CSU BUNDESTAG LEADERS WAS THE IRONIC AND CYNICAL NATURE OF THEIR REMARKS AND THE TONE IN WHICH THEY WERE MADE. IF WHAT WAS SAID AT THIS MEETING IS REPRESENTATIVE OF THE CDU/CSU'S POSITION ALONG THIS LINE, THEN THE UPCOMING NEGOTIATIONS ARE GOING TO BE EXCEEDINGLY DIFFICULT.)</p> <p>5. FIELD DISSEM: STATE:</p> <p>END OF MESSAGE</p>		
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